



# NEWS

## RELEASE

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## ***SENATE HEARING ASSESSES SBA PERFORMANCE: A DECADE OF SMALL BUSINESS SUCCESS***

**WASHINGTON** – The U.S. Small Business Administration (SBA) today welcomed a Senate Small Business Committee hearing on SBA performance as an opportunity to assess the successful small business legacy of the past decade.

**“Our mission is to help small businesses succeed, and the numbers speak volumes about small business success,”** SBA Administrator Aida Alvarez said. **“The SBA is having a tremendous impact on the small business sector, which is the engine for our unprecedented economic prosperity. And I’m proud of the outstanding work of SBA’s employees in making these accomplishments possible.**

Administrator Alvarez cited these accomplishments for the agency’s small business assistance programs:

- Since the beginning of 1993, the SBA has helped almost 375,000 small businesses get more than \$80 billion in loans, more than in the entire prior history of the agency, which was created in 1953. *(See jpeg A enclosed)*
- Since the beginning of 1993, the SBA has approved more than \$12 billion in loans to more than 80,000 small businesses owned by women, more than double the amount recorded during the previous 20 years. *(See jpeg B enclosed)*
- Since the beginning of 1993, the SBA has approved more than \$18 billion in loans to nearly 80,000 minority-owned businesses, more than double the amount recorded during the entire previous history of the Agency. *(See jpeg C enclosed)*
- Since its inception in 1958, SBA’s venture capital program has put almost \$30 billion into the hands of small business owners to finance their growth. About two-thirds of that has been invested since the beginning of 1993, in more than 13,000 businesses. *(See jpeg D enclosed)*
- Venture capital firms licensed and funded by the SBA have produced profits to the taxpayer of almost \$225 million since 1995, enough to fund the agency’s entire venture capital program for nine

years. The payments represent taxpayers' share of the profits realized from investments made with funds backed by the SBA. The payments go to the U.S. Treasury. *(See jpeg E enclosed)*

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- Since 1990, federal agencies under SBA's leadership have delivered more than \$407 billion in contracts to small businesses. Of that, more than \$55 billion has gone to 8(a) companies whose owners have been certified as being economically and socially disadvantaged.
- During the past 10 years, while total federal contracting has remained relatively stable at just under \$200 billion per year, 8(a) contract awards increased by 81.5 percent, from \$3.4 billion to \$6.2 billion. *(See jpeg F enclosed)*
- SBA has reduced its staff level by 24 percent over the past decade, from just over 4,100 employees in 1990 to around 3,100 in 1999. At the same time, SBA's loan portfolio has doubled from \$25 billion in 1993 to nearly \$50 billion in 2000. *(See jpeg G enclosed) (See jpg H enclosed)*
- SBA was the first federal credit agency to receive a clean audit opinion from an independent outside auditor and is the only federal agency to attain such a rating in four consecutive years. *(See jpeg J enclosed)*

Beyond these accomplishments, the SBA continues to strive to maximize its delivery of programs and services to its small business customers. *(See jpeg I enclosed)*

Congressional oversight as implemented by the General Accounting Office (GAO) has recently produced four audits that are the subject of today's committee hearing. Those audits encompass the agency's management of human capital, information technology and its 8(a) business development contracting program.

"These audits affirm the good work we're doing, highlight areas where we can do more, and focus on where we need more resources to complete our work," Administrator Alvarez said.

## **HUMAN CAPITAL**

"The GAO has urged us to continue our efforts to identify the knowledge, skills and abilities, the training, and the succession planning that we will need to continue our work force transformation for the new century," Administrator Alvarez said. "We've already made a good start, and we're pleased that the GAO's analysis is consistent with our own, and also that they recognize we need additional resources to succeed."

The good news, she said, is that even in a period in which the SBA's personnel roster has declined by 24 percent, and demand for SBA services has skyrocketed, the agency has been able to successfully re-engineer its business practices and staffing allocations.

As an example, she said, while more than half of the credit decisions formerly made by SBA employees are now being performed by private sector lenders, increased outreach and enhanced lender oversight have become agency priorities.

SBA has established an Office of Lender Oversight to ensure the safety and soundness of its growing loan portfolio, and has stepped up comprehensive reviews of Small Business Lending Companies and Preferred Lenders.

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### **INFORMATION TECHNOLOGY**

The SBA has embarked on a comprehensive, top-to-bottom modernization of its Information Technology (IT) systems. In the past three years, the agency has been appropriated \$24 million for this effort, and has requested an additional \$13 million for FY 2001.

**“This investment is paying great dividends in the first phase,” the Administrator said. “By autumn, we expect that our most active lenders will be able to conduct most of their transactions with the SBA on-line. Our goal is to make SBA’s loan guaranty process into a paperless one. SBA’s IT systems will also play a significant role in portfolio management and lender oversight.”**

In subsequent phases, SBA will focus on:

- Internal financial management and accounting systems,
- A paperless application process for disaster loans,
- And improving the delivery, tracking and evaluation of technical and management assistance programs to SBA’s small business customers.

One key area is IT security, Administrator Alvarez said. **“SBA understands how important IT security is, and how critical it will become in the future as we enter the era of e-government. We have increased our resources for IT security by hiring five additional internal staff, and we’ve allocated over \$800,000 in additional contractor support to conduct needed security reviews. Our IT security reviews will ensure the integrity, confidentiality and availability of our data and systems.”**

### **8(a) BUSINESS DEVELOPMENT**

The SBA has overall responsibility for ensuring that federal agencies award 23 percent of all federal contracts to small businesses. That goal has been met and exceeded in the last two years, resulting in billions of dollars of contracts to small businesses.

In addition, the SBA is responsible for meaningful participation by small disadvantaged businesses, including 8(a)-certified businesses. Those goals have been met.

Accomplishments include:

- Since 1990, federal agencies under SBA's leadership have delivered more than \$407 billion in contracts to small businesses. Of that, more than \$55 billion has gone to 8(a) companies whose owners have been certified as being economically and socially disadvantaged.
- During the last 10 years, when total federal contracting has remained relatively stable at just under \$200 billion per year, 8(a) contract awards increased 81.5 percent, from \$3.4 billion to \$6.2 billion.

The biggest problem identified by the GAO in the 8(a) program is concentration of contracts among too few companies. SBA has recognized this concern and, as early as 1995, took steps to limit the number and size of sole-source contracts in order to dilute concentration of awards.

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Administrator Alvarez also said the SBA concurs with the GAO's findings regarding the agency's automated tracking system of 8(a) contracts. Improvement of this 8(a) system is part of SBA's overall systems modernization program.

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*For updates on SBA's systems modernization program, visit the SBA website at [www.sba.gov/banking/modernization.html](http://www.sba.gov/banking/modernization.html).*

*For more information about all of SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's extensive Web site at [www.sba.gov](http://www.sba.gov).*

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